

U.S. gold pieces could add luster to slow market

By Roger Boye

Uncle Sam will issue four gold pieces late next year in a new coin offering that could invigorate the hobby.

But the program's success may hinge on how well officials market the gold, among other factors, according to Chicago-area coinage experts.

"The government usually is loathe to spend money promoting coin sales," said longtime dealer Larry Whitlow of Burr Ridge. "If there's a multi-million-dollar advertising campaign, the U.S. gold probably could capture a chunk of the [gold-coin] market."

On Tuesday, President Reagan signed legislation authorizing the four legal-tender coins—the first such "bullion gold pieces" in U.S. history—to compete with the South African Krugerrand. They will be sold to investors starting next October for the value of the metal plus production and other costs.

To assure widespread distribution, the government should wholesale the gold pieces to coin dealers and bankers who then would sell them to the public, said several dealers, including Jeff Bernberg, vice president of the Rare Coin Co. of America in Chicago.

"People who buy gold want to be able to walk out [of the store] with their coins and not have to wait several months for the government to deliver," Bernberg said. [Treasury executives have yet to announce their sales or pricing plans.]

The Royal Canadian Mint uses a wholesale marketing system for its maple leaves, currently the most widely sold gold coin in the United States. In October President Reagan banned the importation of Krugerrands—which had been the top seller—to protest South Africa's apartheid racial policies. Krugerrands already in the United States still can be traded.

Under the new law, Treasury workers will produce four types of coins containing .22 karat [.917 fine] gold, identical in size and weight to four types of Krugerrands [gold weights will be 1, 1/2, 1/4 and 1/10 ounce]. Some congressmen believe that annual sales could exceed two million ounces of gold, generating more than \$500 million a year for the U.S. Treasury.

But even if the actual totals fall short of that estimate, favorable publicity generated by the coin program "should get some people into the hobby for the first time," said Walter Perschke, president of Numisco Inc., a rare-coin company in Chicago.